

EXHIBIT C

**MICHAEL
MEBANE'S
DEPOSITION
EXCERPTS
04/24/04**

**IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION**

CASE NO. C-1-01-641

Q & R ASSOCIATES, INC.,

Plaintiff,

vs.

UNIFI, INC., et al,

Defendant.

DEPOSITION

COPY

WITNESS: WILLIAM MICHAEL MEBANE

**TAKEN AT THE LAW OFFICES OF:
CARRUTHERS & ROTH, P.A.
235 North Edgeworth Street
Greensboro, NC 27401**

**DATE: 02-24-04
TIME: 08:57 A.M.**

**REPORTER: DALE L. RING
CHAPLIN & ASSOCIATES, INC.**

CHARLOTTE (704) 335-1954 TRIAD (336) 992-1954 RALEIGH (919) 807-1954

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1 A. How large the market was.

2 Q. Well, but for ---

3 A. I don't mean to come across ---

4 Q. For -- you mean the market for people to
5 purchase the product?

6 A. Yes.

7 Q. Okay.

8 A. The demand.

9 Q. The demand.

10 A. The demand for the products.

11 Q. You said you also evaluated competitors
12 in the market?

13 A. That's correct.

14 Q. Was Avgol one of the competitors?

15 A. Yes.

16 Q. Did you reach any conclusions about
17 Avgol, or what did you know about Avgol at that
18 time?

19 A. That they were importing large amounts
20 of fabric into the United States from Israel.

21 Q. Do you know who the biggest competitors
22 would have been at the time you made your
23 presentation?

24 A. Yes.

25 Q. Who were they?

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1 typically last? I mean, were they half a day
2 meetings; were you getting together for a full
3 week; or were you just picking up the phone every
4 now and then, or bumping into him at a convention?

5 A. I think your later description better
6 describes it.

7 Q. Just every now and then, there would be
8 some contact?

9 A. I think that best describes it.

10 Q. Okay. How long was that period of time
11 where you were having that kind of communication
12 with Mr. Goldwasser?

13 A. From -- until the -- until March of '01.

14 Q. Okay. Now, during that same period of
15 time -- and I think the time period we're talking
16 about is kind of late '99, early 2000, to March of
17 2001.

18 A. That's right.

19 Q. What were you doing on the Greenfield
20 plant project? Am I describing that right when I
21 say that?

22 How would you describe how -- the
23 construction of the plant. I just want to get our
24 terminology straightened out.

25 A. Okay. Which question do you want me to

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1 answer?

2 Q. The second one.

3 A. Which is?

4 Q. All right. Let's get our terminology
5 straight now.

6 A. Okay.

7 Q. How did you refer to the project in
8 which you were developing the Greenfield site into
9 a plant? What did you call it?

10 A. Building a plant.

11 Q. Okay. So that's what -- if that's okay
12 with you, that's what we'll call it today.

13 A. Fine with me.

14 Q. And that will ---

15 A. Uh-huh (yes).

16 Q. --- take about half an hour's worth of
17 verbiage ---

18 A. Building a plant.

19 Q. --- out this day today. All right.

20 During the period of time from, say,
21 early 2000 to March of 2001, what were you doing
22 to build the plant?

23 A. Grading, construction of the building,
24 receipt of the equipment, hiring the people,
25 training the people, contacting customers,

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1 A. It's a machine to produce spunmelt
2 nonwoven fabric. And the ancillary equipment
3 necessary to operate it.

4 Q. Do you know when that equipment was
5 ordered?

6 A. It would have been in the second quarter
7 of '99.

8 Q. Of '99 or 2000?

9 A. Of 2000 -- 2000. I'm sorry.

10 Q. Do you know -- how long did it take
11 before you accepted delivery of that equipment?

12 A. It's about a year delivery and erection
13 process.

14 Q. So if you ordered it in the second
15 quarter of 2000, when did you receive it? Do you
16 know -- when did the Ryfenhauser equipment come to
17 the plant?

18 A. Let me qualify a date with you, and I'm
19 sure it's in your -- in your documents of when it
20 was announced. When did Unifi announce -- what
21 date did Unifi announce ---

22 Q. I don't have -- yeah, I don't have the
23 exact thing. We've got some documents we'll go
24 through later that might help us.

25 A. Okay.

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1 Q. But for now, just ---

2 A. All right.

3 Q. --- based on your best recollection.

4 A. It would have been after that we ordered
5 the machinery concurrent with announcing the
6 construction of the plant. And it would have
7 arrived, beginning eight to ten months later --
8 begin arriving. It arrives over time.

9 Q. Okay. Was the equipment installed by
10 the end of the year 2000? Do you remember? Or
11 was it there -- it may not have been completely
12 installed.

13 A. Yes. It was being -- the construction
14 was completed in the fourth quarter of 2000.

15 Q. Okay. How did you originally hear about
16 my client, Q & R Associates?

17 A. I saw a small ad in a trade publication
18 that listed them as a representative for nonwovens
19 and other related materials being sold into the
20 hygienic trade.

21 Q. Do you recall what trade publication you
22 saw that in?

23 A. No, I really don't.

24 Q. Had you heard of Q & R Associates prior
25 to seeing that ad in the trade ---

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1 A. No.

2 Q. --- publication?

3 A. No.

4 Q. What did you do after you saw the ad in
5 the trade publication. Did you call them?

6 A. Yeah. I called the number that was on
7 the ad and left a message, introducing myself, and
8 asked is someone would call me back.

9 Q. And when was that?

10 A. That would have been in the -- the mid-
11 year 2000.

12 Q. So let me just get my bearings here.
13 That would have been about the same time that you
14 were beginning to order the equipment, and hire
15 other people for the plant.

16 A. That's right.

17 Q. And you were having some, I guess,
18 occasional discussions with Avgol, that we already
19 talked about. Is that about what was going on
20 around that time?

21 A. Yes.

22 Q. Okay. Incidentally, I meant to ask
23 earlier, when you were having these meetings with
24 Avgol's representatives and price terms were being
25 discussed at the end of '99, early 2000, was there

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1 a confidentiality agreement in place between the
2 two companies?

3 A. Yes.

4 Q. Okay. Was that a written agreement?

5 A. Yes.

6 Q. Okay. Do you know where a copy of that
7 agreement could be found today?

8 A. No, I don't.

9 Q. Do you recall what the terms of the
10 agreement were. How long did it last?

11 A. No.

12 Q. What did it cover?

13 A. No.

14 Q. Do you know when it was signed?

15 A. No.

16 Q. Do you know who signed it?

17 A. No, I don't recall.

18 Q. Did you sign it?

19 A. I -- again, I don't recall.

20 Q. Would you expect this would be something
21 that Unifi would still have a copy of somewhere?

22 A. I don't know.

23 Q. Okay. Let's get back to your contact
24 with Q & R Associates.

25 A. Uh-huh (yes).

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1 Q. Did -- you said you had left a message
2 at the number you saw in the ad. Is that correct?

3 A. That's correct.

4 Q. Okay. And you thought that was about
5 mid-year 2000?

6 A. That's correct.

7 Q. Did anybody return your call?

8 A. No.

9 Q. Okay. What was the next time you either
10 contacted somebody from Q & R Associates, or
11 somebody from that company contacted you?

12 A. It would have been in the late January
13 or early February of 2001.

14 Q. And who initiated that contact?

15 A. I received a phone call from Mike Quinn.

16 Q. Had you called him before he called you?

17 A. No, not since the first call that I made
18 back six months prior.

19 Q. Was he returning your call from six
20 months ago?

21 A. No.

22 Q. What was your understanding of why he
23 called you in late January or early February?

24 A. I had had a meeting with a guy named
25 Bill Martin at American Nonwovens, who had told me

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1 that they represented him. And asked if I had met
2 them, and I said, no, I had left a message, you
3 know, six months ago, but they didn't return the
4 call.

5 And that Bill said that he would tell
6 him he visited with me, and that they should have
7 called me.

8 Q. Uh-huh (yes).

9 A. And then the next I heard was from
10 Mr. Quinn.

11 Q. Okay. How long did that conversation
12 last?

13 A. I don't recall.

14 Q. What was discussed?

15 A. I don't recall specifically, except that
16 I would have made an invitation for them to come
17 and visit the facility.

18 Q. Did you tell anybody at that point -- at
19 Unifi -- did you tell anybody at Unifi, at that
20 point, that you had had conversations with Q & R
21 Associates?

22 A. What do you mean by anybody?

23 Q. Let me back up. Were you, primarily,
24 responsible for overseeing the construction and
25 staffing of the plant?

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1 A. Yes.

2 Q. Was it your responsibility to hire some
3 sort of sales force to sell the product that the
4 plant was ultimately going to produce?

5 A. Yes.

6 Q. Who were you reporting to on the
7 progress of those tasks?

8 A. I reported to Brian Parke. And I did
9 not report to him individual tasks that I
10 completed. I reported to him on the overall
11 project.

12 Q. Okay. Did you ever tell Mr. Parke that
13 you were looking for an outside sales
14 representative?

15 A. I don't recall.

16 Q. Okay. My original question that we're
17 kind of coming back to now is, did you tell
18 anybody else at Unifi that, hey, I'm having these
19 discussions with Q & R Associates?

20 A. Can you define for me what you mean by
21 Unifi?

22 Q. Any other employee of that company.

23 A. Of Unifi, Inc., or of UTF.

24 Q. Well, let's start with Unifi, Inc.?

25 A. Okay. No.

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1 Q. How about UTF?

2 A. Yes.

3 Q. Okay. Who were you talking to at UTF --
4 well, strike that.

5 Who were you talking to at UTF about
6 the -- your contact with Q & R Associates?

7 A. Okay. That's a different question than
8 you asked me before.

9 Q. That's okay.

10 A. So is this the question that you want
11 me ---

12 Q. This is the question ---

13 A. --- ask -- answer?

14 Q. --- I want you to answer.

15 A. At that time, no one.

16 Q. All right. Well, answer my original
17 question, then. Who were you having discussions
18 with about Q & R?

19 A. And you -- as you are characterizing the
20 question, in having discussions with, my answer is
21 no one.

22 Q. I think I asked, originally, if you told
23 anybody.

24 A. And my answer is yes.

25 Q. Okay.

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1 A. At UTF. I told my secretary, and I told
2 the plant manager, as we had a normal process for
3 any visitors to come to the plant. So I went
4 through that normal process.

5 Q. So you had to alert them that, hey,
6 somebody might be coming.

7 A. That's right.

8 Q. So you don't want to characterize that
9 as a discussion?

10 A. No, that's right.

11 Q. Fair enough.

12 What was the next contact that you had
13 with Q & R Associates after that phone call from
14 Mike Quinn?

15 A. I do not recall whether we determined
16 the day of their visit at that time, or it took a
17 subsequent phone call to do so, but there was no
18 other conversations except that invitation for
19 them to come and visit.

20 Q. Okay. So it was either the original
21 phone call, and there may have been a follow-up
22 phone call to arrange a visit?

23 A. That's correct.

24 Q. All right. What -- did the visit occur?

25 A. Yes, it did.

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1 Q. And when was that?

2 A. I don't recall the exact date, but I
3 believe it was in February of '01.

4 Q. Who was involved in the visit? Who came
5 from Q & R?

6 A. Mr. Quinn and Mr. Ranz.

7 Q. Anybody else?

8 A. No.

9 Q. Who did they meet with when they came --
10 well, first of all, where did they come to?

11 A. I don't remember the first place that we
12 made contact. I -- I can't -- I think they
13 probably came to the plant.

14 Q. The new plant?

15 A. The new plant, yes.

16 Q. And the new plant was going to be
17 located, at this point, in what, Mocksville?

18 A. Mocksville.

19 Q. All right. Who did they meet with when
20 they came to the Mocksville plant?

21 A. I think, if you characterize your
22 question with the word "meet," myself only.

23 Q. How are you using the word "meet"?

24 A. Sit down and actually have a
25 conversation with. I believe they would have seen

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1 and been exposed to other people as they toured
2 the facility.

3 Q. But they wouldn't have sat down with ---

4 A. Yes.

5 Q. --- any of those people?

6 A. I don't believe there was.

7 Q. How long did the meeting last?

8 A. Which meeting?

9 Q. With you?

10 A. Okay. With me.

11 Q. Okay.

12 A. We had dinner and toured the plant.

13 Q. Where did you have dinner?

14 A. In Mocksville.

15 Q. Do you recall the restaurant?

16 A. I think it was Samuels. Typical place
17 we would have visitors stay.

18 Q. Was this over the course of one day?

19 A. Yeah, I believe they came down in the
20 evening, and I don't recall whether we went to the
21 plant that evening, or whether we had dinner
22 first, and then went to the plant the next
23 morning. I -- I just don't recall. But I think
24 that -- I think we probably visited the plant
25 first, and then had dinner.

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1 Q. Okay.

2 A. And then the next morning, they stayed
3 and visited another facility of Unifi's close by.

4 Q. Now, when you sat down and talked to
5 them, let's start at -- did you talk to them at
6 the plant?

7 A. Yes.

8 Q. Okay. What did you guys talk about
9 while you were at the plant?

10 A. The plant.

11 Q. Okay. Just the operations and ---

12 A. Yes.

13 Q. --- how -- at that point, how far along
14 was the plant construction?

15 A. It was in start-up.

16 Q. Was there any discussion of a potential
17 relationship between Q & R Associates and UTF?

18 A. Don't think so.

19 Q. Not at the plant?

20 A. No.

21 Q. This was purely kind of a show and tell
22 meeting?

23 A. That's right.

24 Q. All right. How about at the dinner.
25 Was there a discussion at the dinner about a

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1 potential relationship between Q & R Associates
2 and UTF?

3 A. No.

4 Q. Okay. What did you talk about at the
5 dinner?

6 A. Business conditions, in general, the
7 markets they served. It was more of a show and
8 tell on their part to tell me about their company.

9 Q. How long did the dinner last?

10 A. I don't recall.

11 Q. How long did the kind of -- I guess,
12 I'll call it the plant tour. How long did that
13 last?

14 A. I don't recall.

15 Q. Did you meet with them anywhere else
16 while they were in town at that time?

17 A. I believe that the next morning, we went
18 to another Unifi facility together.

19 Q. And which facility was that?

20 A. That would have been Yadkinville.

21 Q. What was the Yadkinville facility?

22 A. It was a large polyester extrusion and
23 textstream facility of Unifi's.

24 Q. Did that have anything to do with the
25 spunmelt business?

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1 A. No.

2 Q. Nonwovens business?

3 A. Part of the polyester division.

4 Q. Would that be what you would consider
5 the core business at Unifi?

6 A. I don't know how to answer that.

7 Q. Okay. What was the core business of
8 Unifi at that time?

9 A. What's the question again?

10 Q. At the time of the meeting in February,
11 what was the core business of Unifi?

12 A. Processing and distributing chemical
13 fibers to the textile industry.

14 Q. Would the nonwoven operations that you
15 were starting up have been part of their -- been
16 part of Unifi's core business?

17 A. I believe so.

18 Q. Do you know whether everybody else, or
19 if anybody else at Unifi felt the same way as ---

20 A. No, I don't know.

21 Q. Okay. At the -- did you give them a --
22 did you give Mr. Quinn and Mr. Ranz a tour of the
23 Yadkinville facility?

24 A. I believe so.

25 Q. Okay. What was discussed during that

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1 tour?

2 A. A description of those facilities --
3 those operations.

4 Q. Why did you show Misters Quinn and Ranz
5 the Yadkinville facility?

6 A. It was common for me, when I had
7 visitors, to take them to Mocksville. I would,
8 typically, take them to Yadkinville, which is
9 about 20 minutes away, to demonstrate the capacity
10 that Unifi had in any marketplace it chose to go
11 into.

12 Q. What do you mean by the capacity?

13 A. The scale -- scale of the company.

14 Q. Were you -- was your goal to impress
15 visitors with the level of technology or the sales
16 volume? I don't understand why you were taking
17 them to Yadkinville.

18 A. I think you said it very well.

19 Q. Okay. So what I said.

20 A. To -- to -- yeah, what you said. You
21 answered it for me.

22 Q. Do you know about how long the tour of
23 the Yadkinville plant would have lasted?

24 A. No. Typically, they were less than an
25 hour.

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1 Q. Okay. Now, if I've asked you this, I
2 apologize. But was there any discussion at the
3 Yadkinville plant about a relationship between UTF
4 and Q & R Associates?

5 A. Not that I recall.

6 Q. Do you -- I'm trying to get an idea of
7 how long the -- Q & R was in town for this trip.
8 I think you originally said they came in, in an
9 evening -- thought maybe you had met with them
10 that evening and went to the plant the next day.

11 Was the Yadkinville tour the same day as
12 the Mocksville tour?

13 A. I do not recall exactly. I believe it
14 was the following morning. I believe they --
15 because they drove from Cincinnati. I believe
16 they spent the night in Mocksville, and then we
17 went the next day to Yadkinville.

18 Q. Okay.

19 A. I mean, it might have been that we went
20 to both plants the next morning. I just don't
21 recall.

22 Q. Is it your recollection they only spent
23 one night in North Carolina?

24 A. That's correct.

25 Q. How were things left at the end of that

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1 visit? Was there going to be further
2 communication?

3 A. I'm sorry.

4 Q. I just want to understand ---

5 A. Could you be more specific?

6 Q. Okay. After you had -- you had had
7 dinner with them; you had shown them two
8 facilities, what was there going to be the next
9 step?

10 A. I don't believe there was a next step
11 defined at that meeting.

12 Q. Okay. What -- in fact, what did turn
13 out to be the next step? What was the next time
14 you had any contact with either Mr. Quinn or
15 Mr. Ranz?

16 A. I do not recall specifically the next
17 contact. But I began discussions with Mr. Quinn
18 about the possibility of Q & R representing Unifi
19 Technical Fabrics in specific market segments of
20 the nonwovens business.

21 Q. Were these telephone calls?

22 A. I believe so.

23 Q. When you were -- at this -- about what
24 point in time are we here? You thought that the
25 plant visit was sometime in February of ---

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1 A. We might ---

2 Q. --- of '01.

3 A. I think early February.

4 Q. That was the plant visit?

5 A. Yeah, yeah.

6 Q. About how long was it, after that, the
7 visit to the plant, that the telephone
8 communication began?

9 A. I don't recall exactly.

10 Q. Days, weeks, months?

11 A. I would think weeks.

12 Q. So by maybe the end of February or early
13 March?

14 A. I think I would probably characterize it
15 more in the early March time frame.

16 Q. That's when the phone conversation
17 began?

18 A. That's correct.

19 Q. And did -- during the course of those
20 conversations, I think you said you raised the
21 possibility of Q & R representing UTF?

22 A. No. I don't believe I said that I
23 raised the possibilities.

24 Q. Okay.

25 A. I believe ---

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1 Q. How was that possibility raised?

2 A. It was discussed.

3 During subsequent phone conversations,
4 there were discussions about Q & R's relationship
5 with Cleaver and Avgol. And to be honest with
6 you, I don't know who broached the subject first,
7 whether I broached it to them, or they broached to
8 me. I just don't recall. But the possibility of
9 them representing Unifi was discussed.

10 Q. Okay. And this would have been in those
11 telephone conversations that occurred after the
12 plant meeting?

13 A. That's correct.

14 Q. Did you know, at the time of the meeting
15 at the plant, that Q & R was representing Avgol
16 Products?

17 A. They told me that they were representing
18 Avgol Products through Cleaver at that time. And
19 maybe, I might have learned about that, also, from
20 the visit with Bill Martin from American
21 Nonwovens, I believe is the time that I knew that
22 they -- learned that they were representing Avgol,
23 through John Cleaver's association.

24 Q. At the meeting at the plant, was there
25 any discussion about the Q & R Associates, Cleaver

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1 Q. During the course of those phone
2 conversations, was there any discussion about
3 whether -- about whether Avgol would acquire
4 either UTF or the plant?

5 A. And this was when?

6 Q. In early -- I'm sorry, late February or
7 early March, the phone calls -- the series of
8 phone calls you were describing?

9 A. No. I don't recall any conversation
10 about that.

11 Q. What was being discussed in those phone
12 calls?

13 A. Whether or not there was interest from
14 either side for Q & R to represent Unifi's product
15 in the market.

16 Q. Did anybody at Q & R indicate to you
17 that there -- that they were interested?

18 A. Yes.

19 Q. Who gave you that indication?

20 A. Mike Quinn.

21 Q. Who were you, mostly, talking to?

22 A. Mr. Quinn.

23 Q. Okay. Did you ever have any discussions
24 with John Ranz?

25 A. I don't think so.

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1 time period, just phone calls?

2 A. That's fine.

3 Q. Fair enough.

4 During the phone calls was -- I think
5 the way I was asking my questions earlier, I was
6 restricting it to the late February, early March
7 time period. I didn't realize that they continued
8 all the way through late March at the time I was
9 talking.

10 I just want to know if, during any of
11 those phone calls, was there any discussion about
12 the industry rumors?

13 A. Not that I recall.

14 Q. Okay. Was there any discussion about
15 Avgol potentially acquiring the Mocksville plant?

16 A. Not that I recall.

17 Q. Okay. Now, where did you meet in Miami?

18 A. At a hotel.

19 Q. What hotel?

20 A. The Lowes Hotel, L-o-w-e-s (sic).

21 Q. You recall the dates of those -- of that
22 meeting?

23 A. I would have to look at a calendar.

24 Q. And we'll pin those down later. You
25 recall it was at the end of March?

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1 A. And at this point of our discussions, we
2 had already defined the -- the primary terms under
3 which they would represent Unifi.

4 Q. Uh-huh (yes).

5 A. We had included in those terms an
6 understanding that either side could withdraw from
7 this representation with a certain number of days
8 of commissions paid. Originally, they had asked
9 for six months's worth of commissions, or 180
10 days. I had originally offered 90 days of
11 commissions to be paid for them.

12 And we had come to the understanding
13 that 120 days would be what we put into our
14 agreement. And any reference to a change of
15 control for Unifi would be covered under the 120-
16 day termination understanding.

17 Q. Is that how you responded when they
18 raised the issue?

19 A. As ---

20 Q. We'll exercise our right to terminate?

21 A. Yeah, said the protection that you have
22 is covered under the termination clause, whether
23 it's for purposes of change of control of the
24 plant, or unable to fulfill it for any reasons.

25 Q. Did they respond to you in any way after

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1 you said that?

2 A. Mr. Quinn had indicated that he
3 preferred to have a more definitive, separate
4 agreement for change of control. And I had
5 indicated to him that I was not authorized to --
6 to do that.

7 Q. Okay.

8 A. The constraints I had were regarding a
9 commercial relationship, and I could not agree --
10 I could not -- I was not authorized to do anything
11 beyond that.

12 Q. Did you believe you had reached an
13 agreement with Q & R at this meeting -- in this
14 suite?

15 A. Yeah, I believe that we had come to an
16 agreement on the terms and conditions under which
17 they would represent us. Yes, I did.

18 Q. Now, you said you met with them two
19 other times in Miami. When was the next meeting?

20 A. I had lunch, and I believe it was with
21 Mr. Ranz, and one other of my staff members, and
22 I'm sorry, I don't recall exactly who it would
23 have been. And then we had a -- a meeting with
24 one of the potential customers of ourselves, and
25 Mr. Ranz asked to be included in that meeting, and

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1 day?

2 A. Yeah.

3 Q. So there was a morning meeting in the
4 suite?

5 A. Uh-huh (yes).

6 Q. Then you met for lunch.

7 A. Then I had lunch.

8 Q. Okay.

9 A. And then, I mean, it could have been the
10 following day. Without looking at a calendar,
11 I -- I can't be sure when we actually met with the
12 customer. It could have been the following day.

13 Q. Okay. You had said earlier that you
14 believed that there was an agreement as to the
15 terms and conditions of a relationship between UTF
16 and Q & R?

17 A. That's correct.

18 Q. And that that understanding came about
19 at the meeting in the suite. What were the terms
20 and conditions that were agreed to?

21 A. That they would be paid a commission of
22 four percent to customers in the disposable,
23 hygienic business, with the exception of Proctor &
24 Gamble and SCA, which they would be paid two
25 percent. They had agreed to share a sector of the

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1 market with a pre-existing employee that we had,
2 named Gene Kelly. That we would pay them,
3 initially, a draw instead of commissions while the
4 business was being built up over the three to six
5 months. And we agreed upon how much that was to
6 be each month while they were actually converting
7 the customers over to the Unifi fabric.

8 And that either one of us could leave
9 the agreement for any reason with 120 days notice.

10 Q. How were these conditions memorialized,
11 if at all. Were they ever written down anywhere?

12 A. I mean, I -- I took handwritten notes,
13 and then went back the next day and summarized my
14 notes in an e-mail to Mr. Quinn.

15 Q. Was there ever a formal contract drawn
16 up and executed by everybody?

17 A. No, there wasn't.

18 Q. Now, when you were in Miami, did you
19 anticipate that eventually there would be such a
20 contract?

21 A. I would have preferred to have any
22 multi-year contract defined specifically in a
23 agreement that would have been drawn between us.
24 So yes, I would have been working towards having a
25 definitive agreement drawn, based on the terms and

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1 form a joint venture with us or to acquire our
2 plant.

3 Q. Okay. When did those -- well, strike
4 that.

5 When we were talking about Avgol before,
6 you talked about the meeting where price was
7 discussed for UTF to acquire Avgol. Then you
8 testified there was a period where there were some
9 telephone calls, meetings at conventions, and
10 whatnot.

11 Was there a point in time where serious
12 discussions about potential, either joint venture,
13 merger, or acquisition began again between you and
14 Mr. Goldwasser?

15 A. I would not characterize them as serious
16 discussions.

17 Q. Okay.

18 A. They were more fishing expeditions on
19 the part of Mr. Goldwasser.

20 Q. Okay. When did those fishing
21 expeditions begin?

22 A. I can't be sure, but I believe it was in
23 the fourth quarter of 2000.

24 He was going through a management buyout
25 at that period of time. And so I think most of

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1 Q. What did Mr. Goldwasser tell you about
2 why he wanted to go through the books?

3 A. To determine whether or not he would
4 want to buy it.

5 Q. When did the discussion shift from UTF,
6 potentially, buying Avgol, to Avgol, potentially,
7 buying the UTF plant?

8 A. I think I've answered that. I think
9 I've already answered that.

10 Q. Okay. Well, just remind me, I'm sorry.

11 A. I'd rather have -- go back to my
12 original answer. I mean, it would have been in --
13 sometime during the year 2000, most likely in the
14 later portion of 2000. But again, I don't want
15 to ---

16 Q. Was that the fishing expedition? Is
17 that what we were talking about?

18 A. That's right.

19 Q. Okay.

20 A. That's right.

21 Q. At that time, in the late 2000 time
22 frame, were -- was Unifi interested in selling the
23 plant?

24 A. No.

25 Q. Was ---

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1 the wherewithal to do it?

2 A. Which question do you want me to answer
3 first?

4 Q. I think it's one question. I mean,
5 it's ---

6 A. Well, you gave me either or, and I don't
7 know if I can answer it that way.

8 Q. Well, answer the first one first.

9 A. Okay. Would you repeat it, please?

10 Q. That was whether you wouldn't sell the
11 plant to him.

12 A. I'm sorry?

13 Q. You, being Unifi or UTF wouldn't sell.

14 A. I don't like answering this way, but I
15 think I have to honestly. There's always a price
16 that something would be sold, okay. So I don't
17 think that I would have thought in my mind -- I
18 mean, I -- I sit here today, knowing that there's
19 always a price that something would be sold. So
20 that would -- was not my concern at the time.

21 Q. So if the price was right, it could be
22 sold?

23 A. That's a very broad, generalization of
24 why I would not have thought what you suggested I
25 thought earlier, okay.

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1 recall a particular conversation, okay.

2 There were a number of things that the
3 non-binding letter of intent -- let me start
4 again.

5 When I was informed of the non-binding
6 letter of intent and their desire to make an
7 announcement, it would have been one of the
8 reasons why I said they can't do that on a non-
9 binding letter of intent; that I've got a number
10 of business processes underway, with customers
11 with -- that I would -- I think I mentioned Q & R
12 at that time, that's one of the reasons why, you
13 know, there's no deal with Avgol. And there's no
14 requirement for Avgol to carry out this
15 transaction. So you cannot make an announcement
16 based on the non-binding agreement that you have
17 in place.

18 Q. So other than citing Q & R as a reason
19 why there shouldn't be a public ---

20 A. And that's what ---

21 Q. --- announcement ---

22 A. That's the only thing I can recall.

23 Q. Do you remember ever asking either
24 Mr. Smith or Mr. Delaney to try to write Q & R
25 Associates into the deal -- in the Avgol deal?

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1 A. I remember telling Mr. Quinn that if
2 there was, you know, any circumstance around a
3 change of control, that just as I had done for our
4 employee, Gene Kelly, I would also do for them.

5 And so I -- I do not recall,
6 specifically, making that request to Delaney or
7 Smith.

8 Q. Okay. When did you tell Mr. Quinn that?

9 A. It would have been either during or
10 right after our conversations in Miami.

11 Q. The agreement that you had reached in
12 Miami, did you ever refer to that as a North
13 Carolina agreement?

14 A. Very possibly, I could have. I do
15 not -- maybe, I -- I think I put that into my --
16 my previous statements, and that would be
17 something that I would -- would have said, so
18 yeah, I probably did say that.

19 Q. Is that a phrase you use, a North
20 Carolina agreement?

21 A. I mean, no often, but it -- it would not
22 be out of character.

23 Q. But what did it mean to you when you
24 said it?

25 A. That we had agreed upon all of the

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1 significant terms and conditions of Q & R
2 representing Unifi. And that we stood up, left
3 that meeting shaking hands, and so I was agreeing
4 to do what I said I would do. And I was expecting
5 them to do what they said they would do.

6 And at that time, I thought we had an
7 agreement.

8 Q. As you sit here, today, do you think
9 that you had an agreement then?

10 A. At that time, I did. It was not until
11 later, when I received a message back from
12 Mr. Quinn on two pretty substantive points that
13 indicated to me that he didn't feel like we had an
14 agreement, even though we had agreed upon those
15 same points together, in person.

16 Q. Do you recall signing an affidavit in
17 this case?

18 A. I do.

19 (PLAINTIFF'S EXHIBIT
20 NUMBER 25 WAS MARKED
21 FOR IDENTIFICATION)

22 Q. I hand you Exhibit 25. I'll just ask
23 you if this is that affidavit that you signed?

24 (Witness examined document)

25 A. Yes, it appears to be.

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1 Q. Okay. You want to just take a minute to
2 look at it, or have you had a chance? Have you
3 reviewed this document recently?

4 A. Yes, I have.

5 Q. When did you review it?

6 A. A week ago.

7 Q. Now, paragraph nine on page two of your
8 affidavit talks about the meeting in North
9 Carolina at the plant, correct?

10 A. It does.

11 Q. Okay. Now, you give some dates there.
12 The first sentence says, "On or about
13 February 13th and 14th, 2001, Mr. Quinn and
14 Mr. Ranz visited UTF's manufacturing facilities in
15 Mocksville, North Carolina."

16 Do you see that?

17 A. I do.

18 Q. Are those dates accurate?

19 A. To the best of my knowledge.

20 Q. So is that the early February meeting
21 that we've been talking about this morning?

22 A. Yes.

23 Q. Okay. Do you have any reason to believe
24 those are -- those dates in your affidavit are
25 incorrect?

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1 A. No, I don't.

2 Q. Now, take a look at paragraph 11 for me.

3 (Witness examined document)

4 Have you had a chance to look at it?

5 A. Yes, I have.

6 Q. Okay. Now, is this paragraph
7 referencing, still, the February 13th and 14th,
8 2001, meeting that we talked about back in
9 paragraph nine? Is that the same meeting that
10 this happened?

11 A. Yes, it is.

12 Q. Okay. And there -- and paragraph 11
13 talks about a discussion about the possibility of
14 a sale of UTF's manufacturing facilities to Avgol
15 and rumors in the industry. So there was some
16 discussion in February about those rumors?

17 A. I'm sorry, is that a question?

18 Q. Yeah, I had thought, this morning, that
19 you told me that you didn't recall any discussion
20 of the industry rumors at the February meeting.
21 Is that correct?

22 MR. MCGAVRAN: Well, object. The
23 record will show what he said.

24 THE WITNESS: Yeah, that -- I would
25 request that we check the record.

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1 Q. (Mr. Packard) You don't recall saying
2 that this morning?

3 A. Yeah, I recall saying that there was
4 discussion at the first meeting.

5 Q. So you ---

6 A. I don't recall saying that there was
7 none.

8 Q. That there was not.

9 A. Yes.

10 Q. Okay. So there was some discussion?

11 A. Yes. I believe that's what I had
12 testified earlier.

13 Q. Okay.

14 A. But without reviewing the record, I
15 can't be sure.

16 Q. There was also a discussion about the
17 possibility of a sale. Was that the rumor in the
18 industry? I'm just looking at paragraph 11.

19 A. I think it says what it says, yes.

20 Q. It goes on in paragraph 11 to talk about
21 a -- you stated that there was a conversation
22 underway in the past, and that you were under a
23 confidentiality agreement and could not discuss
24 any such terms. Is that what you told Mr. Quinn
25 and Mr. Ranz?

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1 A. Yes.

2 Q. In February?

3 A. Yes.

4 Q. Was there a confidentiality agreement in
5 place at that time?

6 A. To my knowledge, there was.

7 Q. Paragraph 12 talks about the termination
8 of the discussions with Avgol. Do you see that?

9 A. Yes, I do.

10 Q. And were the discussions terminated, or
11 were they just turned over to somebody else at
12 Unifi?

13 A. Well, I terminated the discussions that
14 I had with them.

15 Q. Yeah, but I'm trying to figure out what
16 you mean by "terminated." Does that -- did Unifi
17 terminate them, or did you just, personally, step
18 away from the discussions?

19 A. I don't know how else to answer that. I
20 terminated them. And then I directed any further
21 conversations they wanted to have back to the
22 corporate office.

23 Q. Paragraph 13 talks about the meeting in
24 Miami. Does it not?

25 A. Yes, it does.

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1 Q. And it's got the date there of
2 March 27th. Is that the date of the meeting in
3 Miami that we were talking about this morning?

4 A. I believe it was.

5 Q. Paragraph 14 talks about the North
6 Carolina agreement.

7 A. Okay.

8 Q. It says there that, "After I thought we
9 had reached an agreement, I stated that UTF and
10 Q & R had reached a 'North Carolina agreement' on
11 the terms, as I had stated them, and shook hands
12 with Mr. Quinn and Mr. Ranz on the verbal
13 agreement." Was there a verbal agreement that
14 day?

15 A. I believed that there was.

16 Q. Okay. You're saying that -- did you say
17 that in the past tense, I believed? I was just --
18 I may not have heard you correctly.

19 A. Yes. I said I believed there was.

20 Q. Okay.

21 A. I mean, I'm not an attorney ---

22 Q. Understood.

23 A. --- to understand if a point -- a
24 contract exists or not, but at this point, we had
25 agreed on all the substantive terms of them

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1 Q. So I ---

2 A. It must be a woman.

3 Q. And by Avgol's agent, that was Cleaver,
4 correct?

5 A. Again, I -- it says what it says ---

6 Q. Okay.

7 A. --- Avgol's agent.

8 Q. All right. The next sentence says, "I'm
9 very upset by this, and it makes it very difficult
10 for us to start-up the plant and sell it up with
11 this guy blabbing about our talks."

12 Who is "this guy"?

13 A. I was referring to Avgol's agent.

14 Q. And does the agent -- do you know who
15 the agent was?

16 A. It would have been someone within the
17 Cleaver organization.

18 Q. You don't know specifically, but
19 somebody in there?

20 A. No.

21 Q. The e-mail goes on to say, "I'm,
22 therefore, requesting that the M & A group take
23 over this endeavor and negotiate on behalf of
24 Unifi."

25 Who was the M & A group?

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1 A. Ron and Mike.

2 Q. Okay. Was it by this e-mail that you
3 requested those guys take over the endeavor? This
4 was the request?

5 A. Yes.

6 Q. There wasn't a phone call before this
7 e-mail?

8 A. I don't recall.

9 Q. Okay. It goes on to say, "I'll help in
10 any way possible." Did they ever ask for your
11 help?

12 A. No, they did not.

13 Q. Did you ever offer ---

14 A. No.

15 Q. --- any help?

16 A. No.

17 Q. Okay. The bottom of the first paragraph
18 talks about a suggestion for how to value the
19 business. How did you come up with the numbers in
20 that sentence? It says "I do -- it starts, "I do
21 suggest, however" -- where did the \$10 million per
22 year come from?

23 A. As it says, "expected future cash flow."

24 Q. Yeah, but was there a report? Was this
25 the projection we were talking about?

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1 suggested 180 days, and we agreed on 120 days.

2 And that either one of us could terminate it for
3 cause or non-performance without that notice.

4 Q. Now, on March 30th, 2001, were you aware
5 of the status of the discussions between Unifi and
6 Avgol?

7 A. No.

8 Q. In that paragraph on Exhibit 36 that
9 we're looking at, it says "with 120 days notice."
10 Is that a termination provision? Is that what you
11 intended by that?

12 A. Yes.

13 Q. So it could be terminated on 120 days
14 notice?

15 A. That's correct.

16 Q. I had thought that earlier this morning,
17 you had said that it was 120 days where
18 commissions would be paid. Would -- and I don't
19 know if you intended it to mean something other
20 than termination, or if it was just going to be a
21 period where the termination was automatic, but
22 they would keep getting the residual commissions
23 for 120 days, or if they would be out there
24 working for 120 days, following the notice.

25 A. I believe that there was a subsequent

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1 communication between us to try to clarify that
2 point. But the phrase 120-day notice meant that
3 we could end the representation, and we would be
4 responsible for their commissions for 120 days.

5 Q. So the representation would end
6 immediately?

7 A. Well, and I guess there's some logic in
8 how you do that, based on the circumstances.

9 Q. And what's -- what is that logic?

10 A. I think there's another document that
11 outlines that -- the letter that I sent Mike Quinn
12 that had the check attached to it. I was asking
13 for some clarification on that from him.

14 Q. I believe that was an April 25th or 26th
15 letter. Does that sound right?

16 A. That -- approximately.

17 Q. I'll find it for you here. Here it is.

18 (PLAINTIFF'S EXHIBIT
19 NUMBER 37 WAS MARKED
20 FOR IDENTIFICATION)

21 It's Exhibit 37. Is that the letter
22 you're referring to?

23 A. Yes, it is.

24 Q. Who wrote this letter?

25 A. I did.

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1 A. I would be guessing.

2 Q. Do you remember ever asking Ron Smith or
3 Mike Delaney to write Q & R into the deal somehow
4 with Avgol, so that they would, you know, have
5 work to do after the closing?

6 A. I remember telling Mike Quinn that if
7 there were any subsequent transactions with UTF
8 that I would treat him like I did Gene Kelly.

9 Q. And how did you treat Gene Kelly?

10 A. We requested that Q & R take him into
11 their organization, and that his employment would
12 be continued.

13 Q. Okay. Do you remember ever doing that
14 for Q & R?

15 A. You know, I mean, it's -- it says it
16 right here, so you know, and do I remember sitting
17 down and typing the keys, no, I do not remember.
18 It is -- it is apparent that that's what I had
19 said to him.

20 Q. Okay. Now, let's go back to Exhibit 41
21 here. This -- it looks like it's an agenda for
22 the April 10th and 11th Mocksville, North
23 Carolina, business review meeting. Were -- did
24 you attend this meeting?

25 A. I don't believe I did. I don't believe

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1 to Q & R Associates after the binding letter of
2 intent was signed?

3 A. Can you be specific?

4 Q. Yeah. Let me tighten that up for you.
5 What did you -- did you notify Q & R after the
6 binding letter of intent was signed that it had
7 been signed?

8 A. I did.

9 Q. Did you call them?

10 A. I called Mike.

11 Q. Was that about May 14th, 2001?

12 A. It was about the day -- the date ---

13 Q. Somewhere around that time?

14 A. Yeah. Yes.

15 Q. Okay. Well, what did you tell them?

16 A. I don't recall the words that I used.

17 But I told them that the binding letter of intent
18 was signed for Avgol to acquire the facility.

19 Q. Do you recall if Mr. Ranz asked you,
20 during the course of that conversation, whether
21 you had notified anybody else in senior management
22 at Unifi that you had an agreement with them?

23 A. I don't recall his question, no.

24 Q. Do you recall any other specifics of the
25 conversation?